

5 September 1972

MEMORANDUM FOR: SS/HO

SUBJECT : Review of "Financial Operations of the Central Intelligence Agency, 1945-1966," [redacted] two volumes, S.

1. Basically this history is quite acceptable and should serve as a useful reference work for Finance components and others. The author has solved the organizational problem successfully by combining a functional and chronological approach. Comprehensive chronological periods are employed, which avoids the tedious telling of the story on a year-by-year basis. There is, however, some repetition, which results from a tendency to try to make each section self-contained. Thus the shift from EAM to ADP, the establishment of a Treasury disbursement authority, and the withdrawal of the GAO auditors all show up several times in the text, although not to such an extent as to be a major problem.

2. Most of the topical sections are well done. An exception is the brief treatment of OPC, which trails off into an apparently unrelated discussion of the expansion of the number of finance officers overseas. If there is a connection, it is not established. The section should either be expanded and developed or dismantled and distributed where the pieces best apply.

3. There is some confusion between the Project Analysis and the Program Analysis Staffs, and how the latter organization differed from the former (p. 172), as well as when the independent audit function first achieved recognition in a separate component (p. 179).

4. The prose in the early chapters is a little uneven, but becomes first rate in [redacted] chapter on monetary arrangements, after which the writing stabilizes at a reasonably good level. It is unfortunate, however, that the Chronology in Appendix B is written so discursively. These long paragraph entries could in many cases be distilled to a single line. There is excellent documentary source material in the later appendixes, which should be retained, but will it all go into two volumes? Additional comments of a more specific nature are attached. What can we do to expedite the processing and publication?

[redacted]
Chief, CIA Historical Staff

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5 September 1972

Miscellaneous Notes on "Financial Operations of
the Central Intelligence Agency, 1945-66,"

[REDACTED]

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Foreword

P. iii, line 1

Delete: two volume. We may need an Appendix volume.

P. iv, lines 2 and 6

Not Computer Services Division of DDS&T but the Office of
Computer Services.

Pp. iv-v, continued paragraph

The word "responsibility" is used five times in this
paragraph.

P. vi, second paragraph

Give date of the [REDACTED] draft history.

Volume I

P. 11, last paragraph

Since State, War, and Navy are always referred to in that
order in the history, this sentence has been revised in the text
to show appropriations in the same order: 1-2-1.

P. 21, first paragraph

"Establishment" used three times. Change second one to
"creation".

P. 22, first new paragraph

Note revision suggested for first sentence to improve
transition and state more directly.

Pp. 32-33. C. Establishment of the Office of Policy Coordination

Only two paragraphs of this short section discuss OPC. If
the section is retained it should be introduced by a transition
sentence to link it with the preceding section. The second para-
graph is critical of OPC financial management without citing
specific problems. The remainder of the section discusses the

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expansion of the number of finance officers overseas and the problems created by this expansion. These subjects appear to be only indirectly related to the subject of the section. Either the section should be expanded, unified, and developed or it should be dismantled and distributed elsewhere in the history.

P. 34, last sentence

Refers to the provision for an overt and covert branch in each administrative office of the Agency. Not clear to which administrative offices the sentence refers.

P. 35, lines 3-4

Do these numbers refer to the range in strength for the period or to an increase of from 95 to 105 persons?

P. 35, last two paragraphs

Not clear what is meant by "policy" functions? Were these OPC-type activities?

Pp. 41-42

The discussion of the increase in number of finance officers overseas on pp. 32-33 above is to some extent repeated here, except that on p. 33 the expansion is viewed as creating problems, whereas at this point it alleviated problems. Why not move the earlier discussion to pp. 41-42 and reconcile the interpretations?

P. 46, first sentence

Needs a connection with the agreement described on the previous page. Try this:

Under this agreement...

P. 49, line 3 up

CIG was not established on 20 October 1946! This is the date when SSU was officially terminated and its funds transferred to CIG. See correction in text. See also pp. 9-10 above.

P. 59, line 5

Show when the pre-audit program was initiated.

P. 62, introductory quotation

It is customary to show authorship in the text of this type of chapter theme.

P. 105, line 4

Instead of reading: "twelve banks were maintained," shouldn't this read: "twelve bank accounts were maintained"?

Pp. 119-21. D. Disbursing and Custodianship

The special arrangements made with the US Treasury Disbursing Office are also discussed above at pp. 48-49. Is this duplication desirable or should the two sections be consolidated?

P. 128, line 10 up

Something appears to be missing from: "with the review, pre-audit, certification of vouchers..."

P. 151, beginning of last paragraph

Spell out TAS and PAS for the benefit of non-finance readers.

P. 161, last paragraph

Show year when the House Appropriations Committee was briefed on the U-2.

P. 165, last paragraph, first sentence

Show when the two DDP budget offices were consolidated.

P. 172, first sentence

How did the Program Analysis Staff referred to here differ from the Project Analysis Staff which existed as far back as 1 Dec 1950? See CIA Historical Staff, Support Services: Chronology of Key Personnel -- through 1969, p. 6. (Also see p. 365 below, Appendix B, 1952, and Appendix C, p. 4.)

See also [] 2 July 1962, which indicates that this staff was established 2 July 1962, not in August, as stated in the text, and was initially headed by [] For this information see CIA Historical Staff, Key Personnel Named in Agency Regulatory Issuances..., p. 144.

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P. 172, last two sentences

These sentences indicate that PAS was active as early as 1955. See also top of p. 174.

P. 176, note*: Project, not Program Analysis Staff.

P. 177, last paragraph, first sentence

Misleading. Should show that the conversion was from EAM to ADP. See text. (Also p. 285.)

P. 179, last paragraph

Incorrect. The Audit function predated the abolition of the resident GAO Office and dates back to the naming of [] as Auditor-in-Chief in N 12-52 of 18 Jan 1952, as well as to [] as Auditor in the DDA in early 1952. See Source III, cited on p. 180; also Key Personnel, pp. 55, 148.

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P. 180, line 5 up

Not Source 28 but 111.

P. 187, lines 3-11

Show when the [] system was devised.

Volume II

P. 228

Where is data for Table I?

P. 248

What did the 1966 Study Group conclude as to the adequacy of financial controls over the proprietaries?

P. 274

Is the date of October 1962 for the establishment of a proprietary to support [] correct?

P. 349, line 6 up

20 Oct 1946 is not the date when CIA was formed, but simply when SSU was supposed to cease operations, after completing the transfer of its activities to CIG, which in turn dated from 22 Jan 1946. 18 Sept 1947 is the date generally used when reference is made to the inception of the Agency, that is, of CIA.

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P. 357, first complete paragraph

Double check the reference to the Program Analysis Staff absorbing the functions of the former Financial Analysis Staff. Has the latter staff been mentioned before in the history? See p. 172 above.

P. 401, first sentence

The 1949 Act was important, but was it the first act to establish CIA as a permanent Government institution? Statement in the Chronology, Appendix B, is more accurate.

Appendix A -- Chronology

Is at present too discursive. Many of these long entries could be reduced to single line statements. See for example, 22 July 1946, rewrite of merger of three divisions into the Finance Division.

Appendix B, continued

16 April 1962

Was the Program Analysis Staff established on this date? Key Personnel, p. 144, shows it as established on 2 July 1962, per of 3 July.

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